

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION

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May 20, 2003

FROM: **JOHN D. GOSS**, Assistant County Administrator
Economic Development and Public Services Group

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Special Districts Department

**SUBJECT: HEARING TO REVIEW SPECIAL TAX OPTIONS FOR MOUNTAIN
COMMUNITIES WITH RESPECT TO THE BARK BEETLE EMERGENCY**

RECOMMENDATION:

- (1) Accept report on a concept for special tax elections in the mountain communities of Wrightwood, Crestline-Twin Peaks, Lake Arrowhead, Running Springs-Green Valley, Lake-Arrowbear, Big Bear Lake, Angeles Oaks-Forest Falls.
- (2) Provide direction to staff to pursue on one or more of the following options:
 - a. Consider a County special parcel tax via mailed ballot election to approve a special tax of a minimum of \$250 per parcel per year for Hazard Tree Abatement from FY 2003/04 and ending FY 2013/14 in each of the following six mountain communities: Wrightwood, Crestline-Twin Peaks, Lake Arrowhead, Big Bear, Running Springs, and Forest Falls.
 - b. Consider a County special parcel tax via mailed ballot election to approve a special tax of a minimum of \$250 per parcel per year for Hazard Tree Abatement for FY 2003/04 and ending FY 2013/14 in one or more of the above listed mountain communities based on community interest.
 - c. Direct that no special tax election be proposed at this time.
 - d. Direct staff to develop a revolving 'mitigation fund' to support the cash flow requirements of an aggressive hazard tree abatement process in the mountain areas.
- (3) **CONDUCT HEARING** to consider scheduling a special election to consider a parcel tax on private properties in the affected mountain communities of San Bernardino County for the purpose of financing tree removal in connection with remediation of the Bark Beetle infestation emergency.

BACKGROUND INFORMATION: In April 2003, the United States Forest Service (USFS) mapped more than 252,000 acres of tree mortality in the San Bernardino County portion of the San Bernardino Mountains – this is an increase over the 99,500 acres mapped in January 2003. The USFS attributes a portion of the increase to better mapping methodology, as well as an increase in mortality. Of the 252,000 acres, approximately 46,279 exist within the private lands – up from 27,000 acres in January 2003. The mortality is attributed to an unprecedented four-year

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drought exacerbated by a century of the suppression and overgrowth of the forest, and infestation by various species of Bark Beetles.

The potential for fire hazard is unprecedented. If a fire starts within or near the mountain communities, both homes and the forest could be destroyed. According to the County Tax Assessor, the mountain communities that make up approximately 43,000 improved parcels have approximately \$7.6 billion in assessed property valuation including residential and commercial.

There is also a potential for loss of life, although efforts are underway by CDF and County Fire to clear evacuation routes. The current population estimate for the Mountain area is 60,000, with that number increasing significantly during the tourist seasons.

Since April 23, 2002, the Board adopted resolutions proclaiming a local emergency on public and private lands located in the San Bernardino and Angeles National Forests. On May 6, 2003, the Board also adopted a resolution that was forwarded to the President requesting assistance with this emergency.

Current efforts to minimize the fire hazard are taking place on the following fronts: 1) The County Fire Department has issued more than 2,000 citations to date and have received about 40% compliance; 2) the California Department of Forestry and Fire is working with County Transportation and County Fire to remove trees and debris from evacuation routes; 3) Caltrans and Southern California Edison (SCE) are working within their right-of-ways to remove trees from key evacuation routes and power lines; 4) the United States Forest Service (USFS) is offering timber sales and service contracts in several key locations in the National Forest; 5) County Fire is organizing block removal of trees; and 6) Solid Waste is mobilizing incineration to reduce impacts on the County landfills.

But despite the effort that has taken place over the past year, and recent action by the Board to approve a \$2.6 million work plan, resources in both the private and public sectors are still grossly inadequate to remove the fuel loading.

The cost of tree removal is expensive – the average tree costs approximately \$600 - \$1,000 and some individual trees have been reported to cost between \$8,000 and \$10,00 each for removal. Not all private property owners have the financial resources to remove their dead trees, although some limited funds to assist those of low income are included in the \$2.6 million work plan. Also, some new buyers can not receive the fire insurance required by mortgage lenders. Some insurance companies have also cancelled fire policies on existing properties.

Over the past several months at Fire Safe Council and various town hall meetings, County staff have conceptualized with the public, a special property tax to partially finance the removal of dead and dying trees from private lands. From those meetings, staff determined that the public acceptance of such a tax merited serious exploration.

Recommendation # 1.

This recommendation will accept the report requested by the Board on possible options for conducting a special tax election for tree removal in affected mountain communities as outlined in this report.

Recommendations # 2a. and b.

These options, as part of this public hearing, would set a mail ballot election to approve a special parcel tax (2/3 majority vote of registered voters) for 10 years, either for all the mountain communities, or just for those mountain communities where there appears to be adequate community support as determined by the Board. If Recommendation #2 a. is considered, the intent would be to conduct a separate election for each community using an existing, identifiable public jurisdiction boundary, e. g., the boundary of a fire district. The result may be that some areas may approve the tax, and others may not.

The following paragraphs discuss the proposed tax purposes, rates, exemptions, and revenues and expenditures and schedule as if all mountain communities voted to approve this special tax. Obviously, if the Board decides only to hold the election in one or two of the communities (Recommendation 2b.), or if an election is held in all six communities, but only passes in some of these communities, the revenue and expenditure projections in the following paragraphs would need to be reduced. Staff can provide that information at the Board's request.

Tax Purpose

Based on the feedback at over 10 recent public meetings, the tax would serve four potential purposes:

- 1) Provide funding for large-scale, cost-effective Hazard Tree Abatement in whole neighborhoods and/or key evacuation or fire break areas. County Fire, with adequate funding, could easily expand its existing program to effect a more massive, cohesive tree removal effort.
- 2) Develop a Forest Management Plan for the private lands of the urban interface of the San Bernardino and Angeles National Forests within San Bernardino County.
- 3) Serve as leverage for potential future grant funding. As an example, the Governor requested of the President more than \$400 million in federal assistance through the FEMA Hazard Mitigation Grant Program. This program requires a 25% local match; if the President were to approve the \$400 million request, the County would be required to provide approximately \$100 million as a match. The tax could help satisfy that requirement. Additionally, the County is seeking out other large Congressional appropriations, which will also require matching funds, which the tax could also satisfy.
- 4) Provide seed money for a Hazard Tree Abatement Fund to take over after the tax sunsets. This concept involves setting aside seed funding that will could fund the Hazard Tree Abatement Program upon the tax's sunset.

Tax Rate

From the public hearings, it appeared that the acceptable maximum tax for standard lot sizes is \$250. It was also apparent that the tax should be structured to accommodate for improved vs. unimproved parcels and parcel size. While the rate structure for the tax is still being formulated by County staff, the following rate structure is proposed for the ballot, pending Board of Supervisors authorization:

0 acres – ½ acre \$250 per year improved; \$200 per year unimproved

½ acre to 1 acre	\$300 per year, improved; \$250 per year unimproved
1 acre to 1 ½ acres	\$350 per year, improved; \$300 per year unimproved
1 ½ acres to 3 acres	\$400 per year, improved; \$350 per year unimproved
3 acres to 5 acres	\$500 per year, improved; \$400 per year unimproved
Above 5 acres	Exempt but will not receive services

In the tree removal that has taken place to date, it has been demonstrated that tree removal on smaller lots with homes is the most expensive. However, conversely, larger lots, especially vacant, do contain more trees and may or may not be easily accessible. Therefore, an attempt was made to set the rate structure at the publicly acceptable financial level, using a parcel size and improvement level most commonly found in the urbanized areas of the San Bernardino Mountains. County staff recommends eliminating taxing parcels greater than 5 acres due to the number of church camps and large vacant properties where traditional logging methods may be more cost effective and feasible. However, owners of properties greater than 5 acres will be responsible for paying for their own tree removal, and no tax dollars would be used toward those properties.

Tax Exemptions

It is proposed that those parcels where trees have been recently removed can be exempted from paying the tax through a formal exemption process. However, once exempted, those parcels will not receive benefit if in the future additional trees need removal.

Revenue and Expenditures

The cost to completely combat the problem is unknown at this time but is believed to be more than the property tax can generate. Using the conservative figure of 6 trees per acre across 46,279 acres of private land, the number of trees requiring removal would be approximately 277,000. Using a market average of \$1,000 per tree (some are less, some could exceed \$10,000 each), the cost to entirely remove all of the fuel loading in this scenario is estimated at approximately \$277 million. Some property owners have reported their tree bills to range from \$10,000 to \$30,000. Therefore, realistically, the actual cost could be between \$300 million and \$400 million, as the Governor requested in the Presidential request.

There are approximately 90,900 parcels within the areas of Wrightwood, Crestline, Lake Arrowhead, Running Springs, Big Bear, Forest Falls and Angeles Oaks. Therefore, as an example, a flat rate of \$250 applied to each parcel would yield approximately \$22.7 million in revenue per year.

Therefore, in order to adequately attempt to address this disaster, the tax is proposed for a period of 10 years, which would yield approximately \$227 million over the 10 years.

Tax Election

The type of election would be a mailed ballot election, which could be scheduled within 88 days of the Board's direction to the Registrar of Voters. The cost is approximately \$3 per registered voter. Election results could be certified within three days of the election. On April 8, 2003, the Board allocated up to \$200,000 to conduct this election.

The mailed ballots would be due to the Registrar of Voters on August 11, 2003, having been mailed to the voters on July 11, 2003. If the tax is approved by voters, County staff proposes that

the Board certify the election on August 26, which will make the Auditor/Controller's September 8 deadline for tax assessment.

Recommendation 2c.

In the event the Board decides not to schedule a special election as discussed above, and decides that no election should be pursued at this time, the Board may want to consider Recommendation 2 d. discussed below.

Recommendation 2d.

This option would direct staff to develop a revolving 'mitigation fund' to support the cash flow requirements of a more aggressive hazard tree abatement process in the mountain areas. The revolving fund would be similar to what is used in the weed abatement process. The revolving fund approach would bring more resources immediately to the emergency. While the Fire Marshal has been citing properties for tree removal, such a fund would allow a much broader citation effort, broaden the 'block approach' in securing tree cutters, and bring more cutters with more resources into the mountain area. This revolving fund would be repaid by billing property owners who do not comply with the Fire Marshal's citations, where County Fire is required to cut down the property owner's trees. If these bills are not paid, they could be collected by placing a tax lien on the property.

While staff is still studying possible sources for such a revolving fund, preliminarily, a \$1 million fund could possibly be established as follows:

Redirect the \$200,000 approved by the Board April 8 for a Potential Special Tax Election to the fund	\$200,000
Use the remaining money in the Bark Beetle Reserve established by the Board	200,000
Redirect \$300,000 from the \$680,000 set aside for low income financial assistance	300,000
Use a portion of the unappropriated funds available from Zone 5 Flood Control on a "loaned basis," to address this major watershed issue	<u>300,000</u>
TOTAL	\$1,000,000

This is just a preliminary effort at scoping out revenue sources for such a revolving fund, and it likely will require modification, and possible enlargement as staff conducts additional analysis.

The advantage of a revolving 'mitigation fund' over a special tax, (assuming it is not used in concert with a special tax), is that it would bring resources to address this problem immediately this fire season, whereas funds from a special tax would not be available until next fire season. It also would better address the equity issues brought up at several community meetings since under this approach each property owner would ultimately be responsible for the cost of tree removal on their property, and not be subsidized through a special tax. The disadvantage of a revolving 'mitigation fund' is that funds would not be collected for a 25% local match for any massive federal grant for which the County might ultimately qualify. Also, efforts at developing a

reforestation plan would be limited to those efforts approved in the \$2.6 million work program approved by the Board April 8.

Recommendation # 3.

The Board scheduled this public hearing at its May 6, 2003, meeting. It is recommended after taking testimony that staff be given direction to either proceed with the hearing, continue the hearing, or terminate the hearing based on its determinations regarding the four options outlined in Recommendation # 2.

REVIEW BY OTHERS: This item was reviewed by the County Administrative Office (Wayne Thies, Administrative Analyst on May 12, 2003, and County Counsel (Tom Krahelski, Deputy County Counsel on May 13, 2003).

FINANCIAL IMPACT: There is no financial impact associated with conducting a public hearing. On April 8, 2003, the Board allocated \$200,000 to conduct an election. The actual costs of the election is estimated at approximately \$84,000. A significant amount of staff time, presentations, and other expenses are necessary prior to the election. The actual cost of the election will not be known until the election is conducted. However, based on the initial cost projections, the \$200,000 allocation should be sufficient.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item and concurs with the Department's proposal and recommends this action based on the following: a state of emergency exists in the local mountains due to the existence of more than 252,000 acres of dead, dying, and diseased trees that pose a significant fire threat. Approval of this item will allow various departments to take various necessary actions to assist in eliminating the threat to health and safety posed by the dead trees.

SUPERVISORIAL DISTRICT(S): 1st, 2nd, and 3rd.

PRESENTERS: John D. Goss, Assistant County Administrator (909) 387-4731; Emil Marzullo, Special Districts Department, (909) 386-5951; and Peter Brierty, Fire Marshal (909) 386-8410.